

U.S.-Peru Trade Promotion Agreement

Market Access Results

Environmental Goods

Trade and Tariffs

The environmental sector includes a variety of products geared toward improving the environment and human safety.

Environmental goods accounted for 5.8 percent of total U.S. industrial exports to Peru in 2007, totaling \$183 million. The top U.S. exports in this sector included liquefying machinery, air pumps and compressors, and centrifugal pumps. Peruvian tariffs on environmental goods range from 4 to 12 percent, with an average of 5.7 percent.

Peruvian exports to the United States totaled 1.9 million in 2007, or less than 1 percent of the country's total exports to the United States. Top Peruvian exports to the United States in this sector were parts of furnaces, air pumps and compressors, and heat exchange units. The United States applies tariffs on environmental goods that range between zero and eight percent, with an average of 1.5 percent. All Peruvian exports of environmental goods enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

Tariff Elimination

Overall, tariffs will be phased out according to four tariff elimination categories: immediate elimination, equal cuts over five years, equal cuts over seven years, and equal cuts over ten years.

For environmental products, 89 percent of U.S. exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 7 percent of exports will be eliminated over five years, and 2 percent will be eliminated over seven years. Duties on the remaining 2 percent of U.S. exports will be eliminated over ten years.

Tariffs on high-priority environmental goods such as pumps and filtration equipment will be eliminated immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all environmental good exports from Peru will continue to receive duty-free treatment.

Non-Tariff Barriers

Peru will eliminate its prohibition on the importation of remanufactured environmental goods, as defined in Chapter Four - Rules of Origin, on entry into force of the Agreement. Peru will eliminate tariffs on most remanufactured environmental goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.